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DEPARTMENT OF STATE

Memorandum of Conversation

DATE: October 9, 1959

SUBJECT: Libyan-American Economic Cooperation

PARTICIPANTS: Dr. Ali Aneizi, National Bank of Libya
Mr. William J. Porter, Acting Deputy Assistant Secretary for African Affairs
Mr. Arthur B. Allen, Officer in Charge, Northeast African Affairs
Mr. Richard B. Parker, Libyan Desk Officer

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Following a general discussion of his visit to the United States and following a plea that we support the election of an Afro-Asian to an upcoming Vice-Presidential vacancy in the IBRD, Dr. Aneizi launched into a discussion of United States aid to Libya. He said that, as he had told the Secretary of the Treasury, he had already noted a tendency on the part of his American friends to conclude that Libya no longer needed American assistance since it had oil. Such an attitude would be disastrous for American-Libyan relations. Many people would not understand it and our enemies would be able to profit from this misunderstanding. Libya would have a continuing need for foreign assistance and it would be a long time before oil revenues became appreciable. Mr. Porter replied that we were well aware of Libya's continuing needs. In fact, we thought Libya might need increased aid in certain fields, such as training technical personnel, during the next few years.

Dr. Aneizi then proceeded to a discussion of the impact of our aid program, saying that certain projects which might not be justifiable on purely economic grounds were a politico-economic necessity. Among these was the Benghazi harbor project. The Americans always replied when asked about it that it was uneconomic. This might be true, but the average Libyan and his political leaders knew only that there had been a good harbor at Benghazi, that it had been busy, and that it had been destroyed in the war. Therefore, it should be rebuilt. Furthermore, petroleum development would increase the economic importance of Cyrenaica and

rebuilding

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rebuilding Benghazi's harbor would be a prudent step to prepare for the new era. Mr. Porter said that we appreciated Dr. Aneizi's argument and that we understood the harbor project was still under study. However, we would look into the matter and ask our mission to inform him of the status of the project.

Dr. Aneizi next raised the matter of a cold storage plant at Benghazi, saying that this was an economic proposition in view of the scale of Cyrenaican livestock production and exports to Egypt. (He said that there were no cold storage facilities anywhere in Libya.) Mr. Porter said that we would also look into this matter.